

CORE STRENGTH

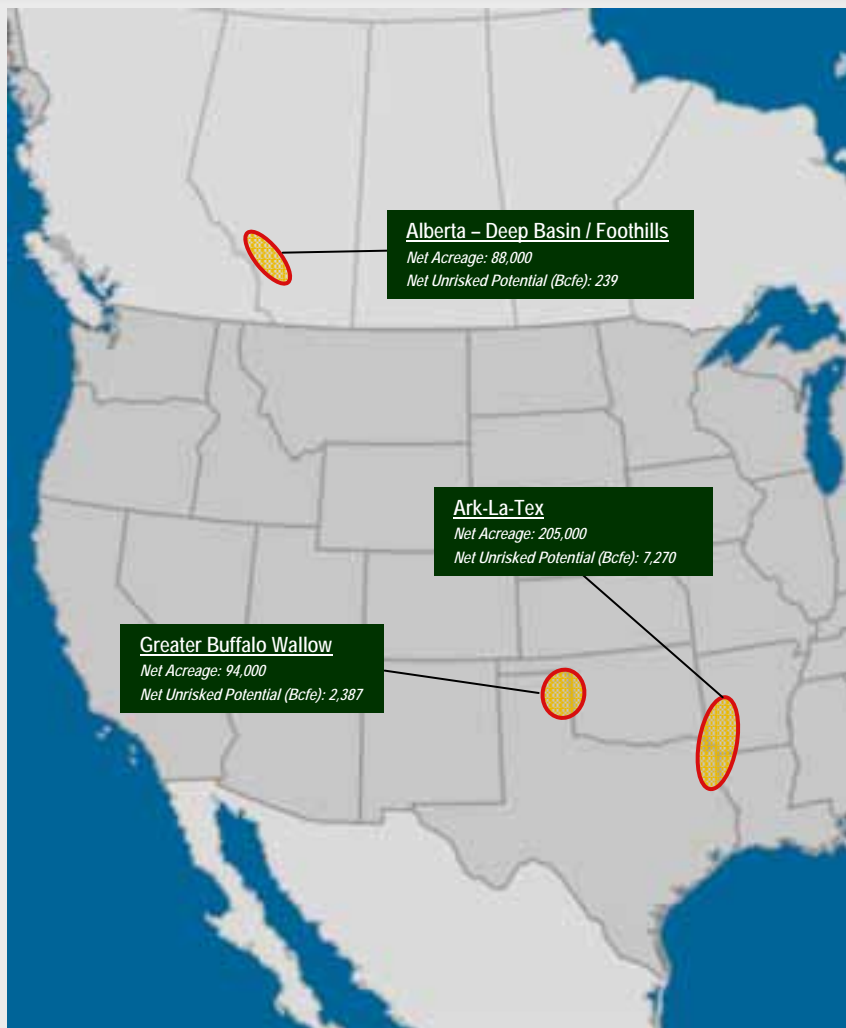


TD Newcrest – London
Unconventional
Oil & Gas Forum 2010
Expanding into New Frontiers

January 11, 2010



Forest Oil – Snapshot



 Core Areas

Market Capitalization: <i>(1/6/10)</i>	\$2.8 Billion
Enterprise Value*:	\$4.3 Billion
2008 Est. Proved Reserves*:	2.2 Tcfe
R/P Ratio*:	13.4 Years
Potential Locations*: <i>(Fully Developed)</i>	16,284**
Net Unrisked Potential*:	17.1 Tcfe**
2010 Production Guidance:	439-449 MMcfe/d



* Pro forma for Forest's Permian Basin and non-core Canadian divestitures
 ** As of 12/31/08; does not include estimated proved reserves or locations associated with estimated proved reserves



2010 Plan

- E&D spending designed to be within a reasonable bandwidth of cash flow
- Return to organic growth; expect 10% – 12% growth 4Q 2010 over 4Q 2009
- Primarily focused in Texas Panhandle, East Texas / North Louisiana, and Canada Deep Basin
- Primarily horizontal or deviated wells in both tight gas and shales
- Enhance efficiencies from cost control, rig ownership, and completion techniques
- Continue to upgrade the portfolio with sale of non-core properties



2010 Guidance

	Low End	High End
Capital Expenditures <i>(\$ MM)</i>	600	700
Net Sales Volumes:		
Natural Gas <i>(Bcfe)</i>	128	131
Oil <i>(MBbls)</i>	2,671	2,731
Natural Gas Liquids <i>(MBbls)</i>	2,671	2,731
Differentials:		
Natural Gas <i>(\$ less NYMEX)</i>	\$0.60	\$0.70
Oil <i>(\$ less WTI)</i>	\$6.00	\$7.00
Natural Gas Liquids <i>(% of WTI)</i>	40%	40%
Production Expense <i>(\$MM)</i>	190	210
<i>Per Unit (\$/Mcf)</i>	1.17	1.30
General & Administrative Expense <i>(\$MM)</i>	45	50
<i>Per Unit (\$/Mcf)</i>	0.28	0.31
Interest Expense <i>(\$MM)</i>	145	155
<i>Per Unit (\$/Mcf)</i>	0.90	0.96
Income Tax:		
Effective Rate	36%	36%
Current Portion	1%	2%
Stock Based Compensation <i>(\$MM)</i>	18	20
Depreciation, Depletion & Amortization <i>(\$/Mcf)</i>	1.20	1.30



2009 Divestiture Summary

2009 Divestiture Summary

	<u>Permian</u>	<u>2009 Total</u>
Total Sales Proceeds <i>(\$MM)</i>	\$800	\$1,075
2008 Est. Proved <i>(Bcfe)</i>	321	456
2008 Est. PD <i>(%)</i>	67	68
Current Production <i>(MMcfe/d)</i>	46	68
EBITDA* <i>(Multiple)</i>	13.7	13.9

Strategic

- Transactions provide a means to focus on high impact growth development in core growth plays:
 - GBW – Granite Wash
 - Haynesville Shale
 - Canada Deep Basin

Balance Sheet

- Transactions provide additional liquidity to Forest's balance sheet
 - Pro forma liquidity, including cash of approximately \$1.8 billion
 - Pro forma principal net debt of approximately \$1.5 billion
- Forest recognizes value of U.S. net operating loss carryforward positions

Forest Pro Forma Statistics

Total Principal Net Debt <i>(\$MM)</i>	\$1,496
2008 Est. Proved <i>(Bcfe)</i>	2,213
2008 Est. PD <i>(%)</i>	62
Net Debt: 2008 Est. Proved <i>(\$/Mcf)</i>	0.68
Net Debt: 2008 Est. PD <i>(\$/Mcf)</i>	1.09

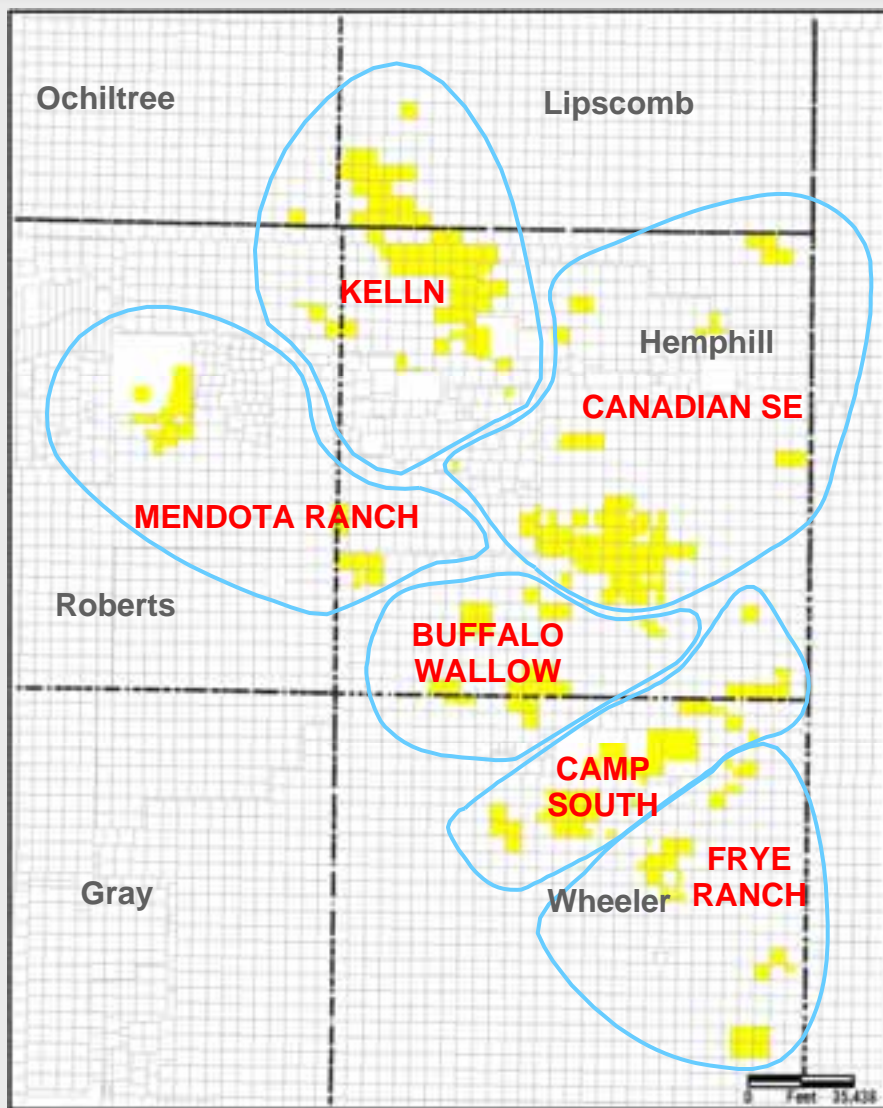


Our “Resource Play” Strategy

- Focus on unconventional plays
- Tight gas sands and carbonates are more “conventional” in terms of completions, technology, and cost efficiencies
- Shales are “technology” plays initially
- Move to “commoditize” the resource play as soon as possible
- 3 Step Progression
 1. Validate
 2. Execute
 3. Fully Develop



Forest Oil's Granite Wash Position



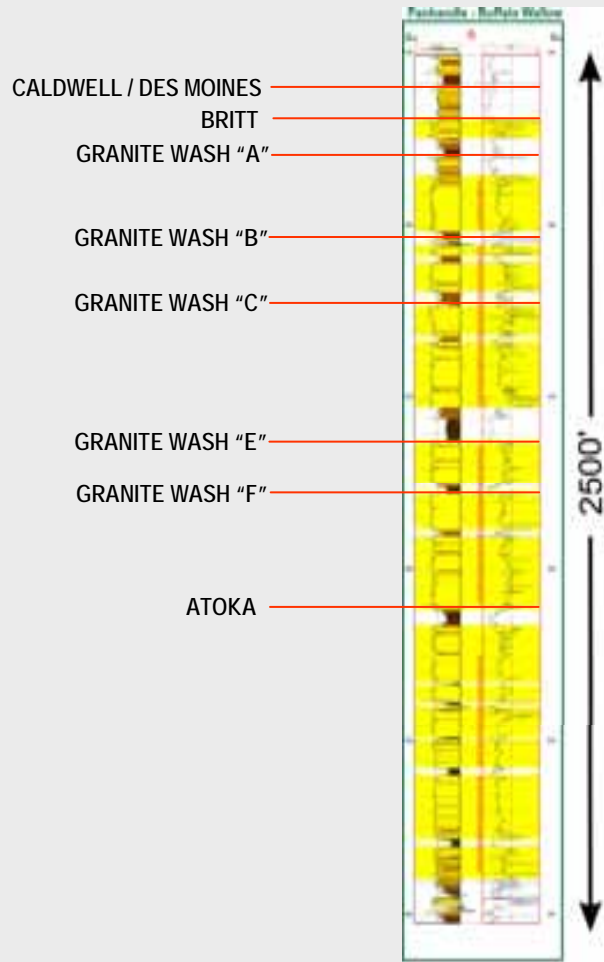
Area Nomenclature

- 135,000 gross acres (94,000 net) prospective for the Atoka, Granite Wash, Cleveland, Douglas, and Morrow
- Different Nomenclature...Same Play
- Transition to horizontal drilling; expect to drill 20 – 25 operated horizontal wells in 2010
- Acreage accumulated through grass roots leasing, farm outs, and acquisitions
- Frac mapping was performed to allow for more efficient spacing and less interference between wells
- Large company database from over 400 well bores



Geologic Zones in Greater Buffalo Wallow Area

Type Log – Vertical Nomenclature

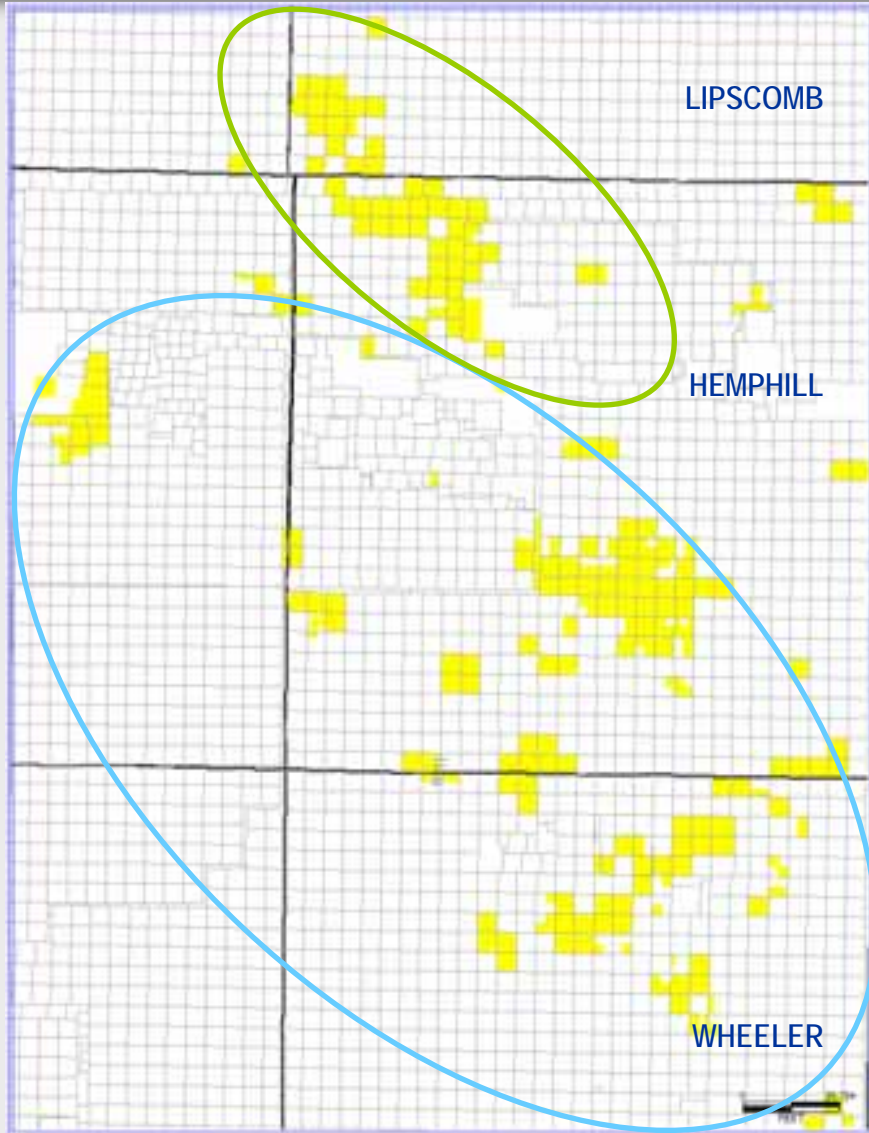


Basic Play Facts

- Play extends over large area in Texas Panhandle and Western Oklahoma
- Depths of play range from 13,000' to 17,000' and the total thickness of this deposition ranges from 1,500' to 3,500'
- Other potential objectives in the Morrow, Douglas, Cleveland, Novi Lime, St. Louis Lime, and Tonkawa
- Between 8 to 14 objective zones over entire acreage position
- High liquids content



Greater Buffalo Wallow Area



Greater Buffalo Wallow Area Attributes

- Excellent multi-zone horizontal potential
 - First operated horizontal in the Granite Wash IP'd at 17 MMcfe/d (1/3rds liquids)
 - Second operated horizontal in the Granite Wash IP'd at 30 MMcfe/d (2/3rds liquids)
 - Shallow Morrow horizontal tested at 7.5 MMcfe/d with cost of \$3.9 million
- Expect to run 4 horizontal rigs

○ Granite Wash Hz Fairway ○ Lower Morrow Hz Fairway

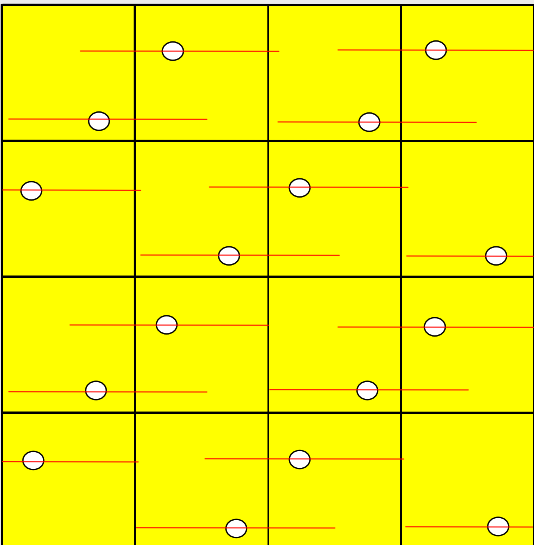


Texas Panhandle: Horizontal vs. Vertical Development

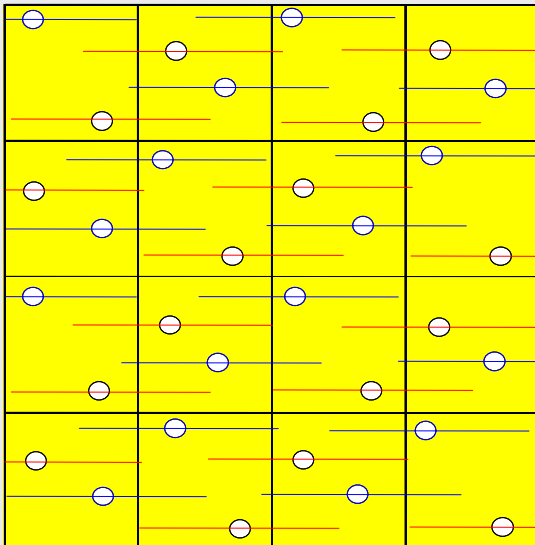
Horizontal Drilling – Most Efficient Development

Scenario	# of Wells	EUR/Well (Bcfe)	EUR/Sec (Bcfe)	D&C (\$MM)	Dev Cost/Sec (\$MM)	F&D (\$/Mcfe)
40-Acre Vertical	16	1.5	23.2	\$2.3	\$36.9	\$1.59
20-Acre Vertical	32	1.5	46.5	\$2.3	\$73.8	\$1.59
Granite Wash Horizontal	3	7.2	21.6	\$5.5	\$16.6	\$.77
Atoka Horizontal	3	6.8	20.3	\$9.9	\$29.7	\$1.46
Twin Horizontal	6		41.9		\$46.3	\$1.11
20-Acre vs. Twin	(26)		(4.6)		(\$27.5)	(\$5.98)

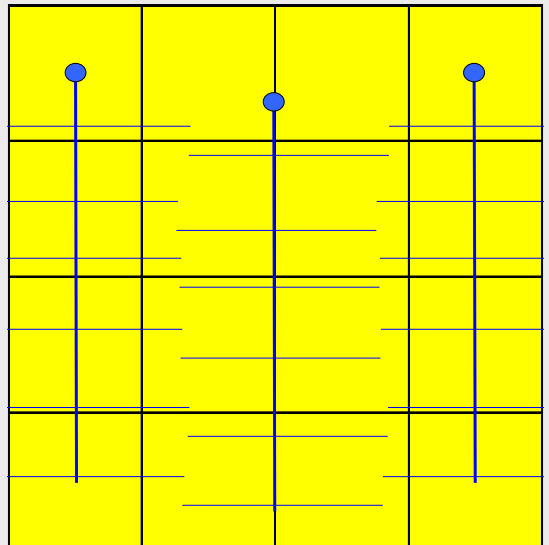
40 Acre Spacing



20 Acre Spacing



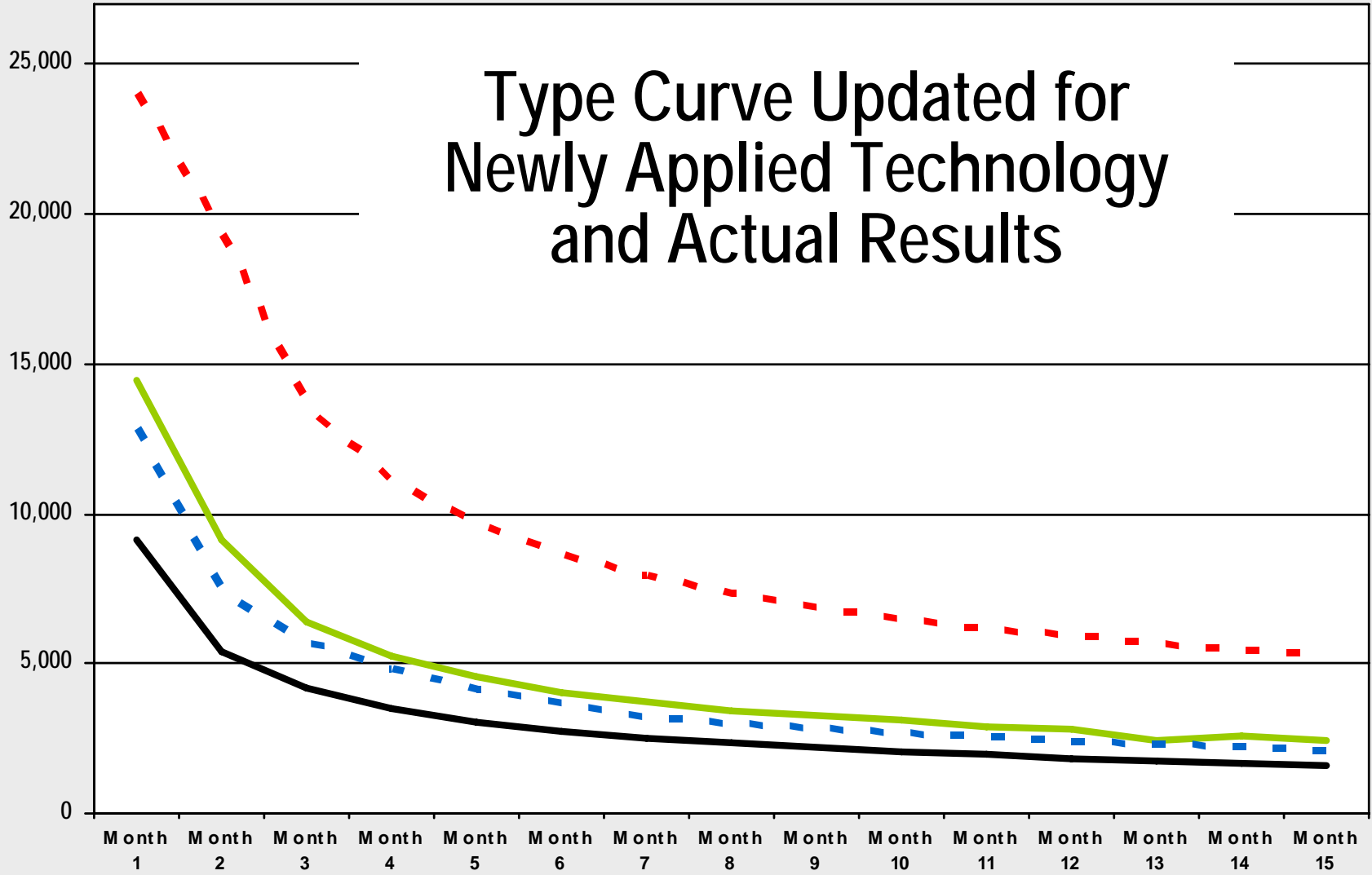
Horizontal Development





Granite Wash Type Curves

Gross Mcfe/d



* NYMEX price

NEW Median Case OLD Median Case Zybach 30 MMcfe/d 24 hr IP

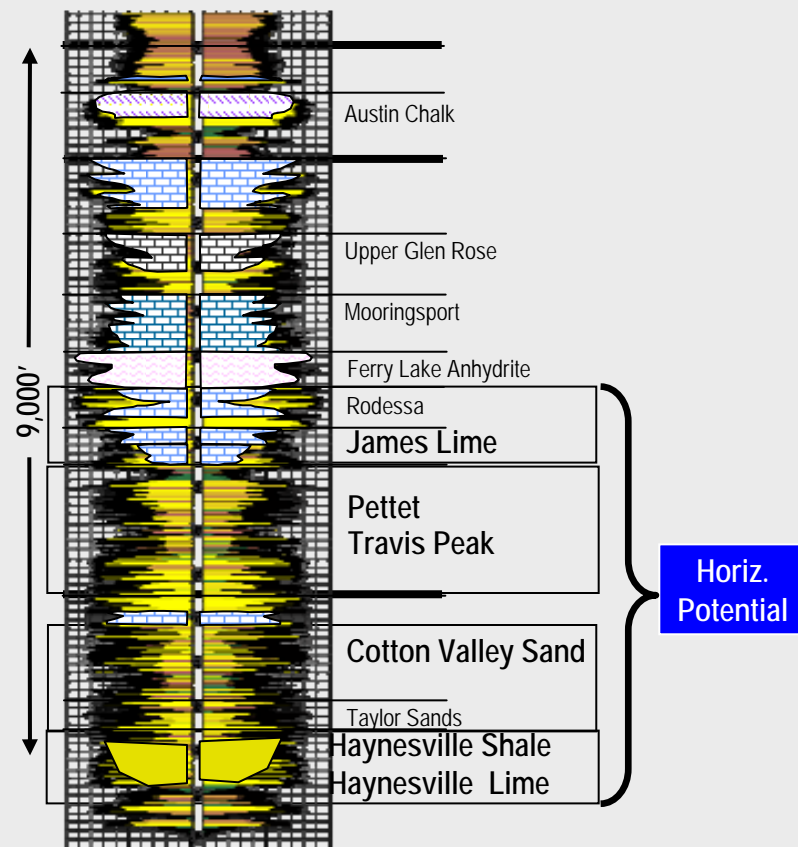


East Texas/North Louisiana Potential

Forest's "Core Strengths" in Resource Plays

- Low cost of entry provides superior economics
- Up front integration of data before horizontal drilling includes core samples
- Mechanical success on horizontal completions
- Cost and extraction efficiencies as play expands

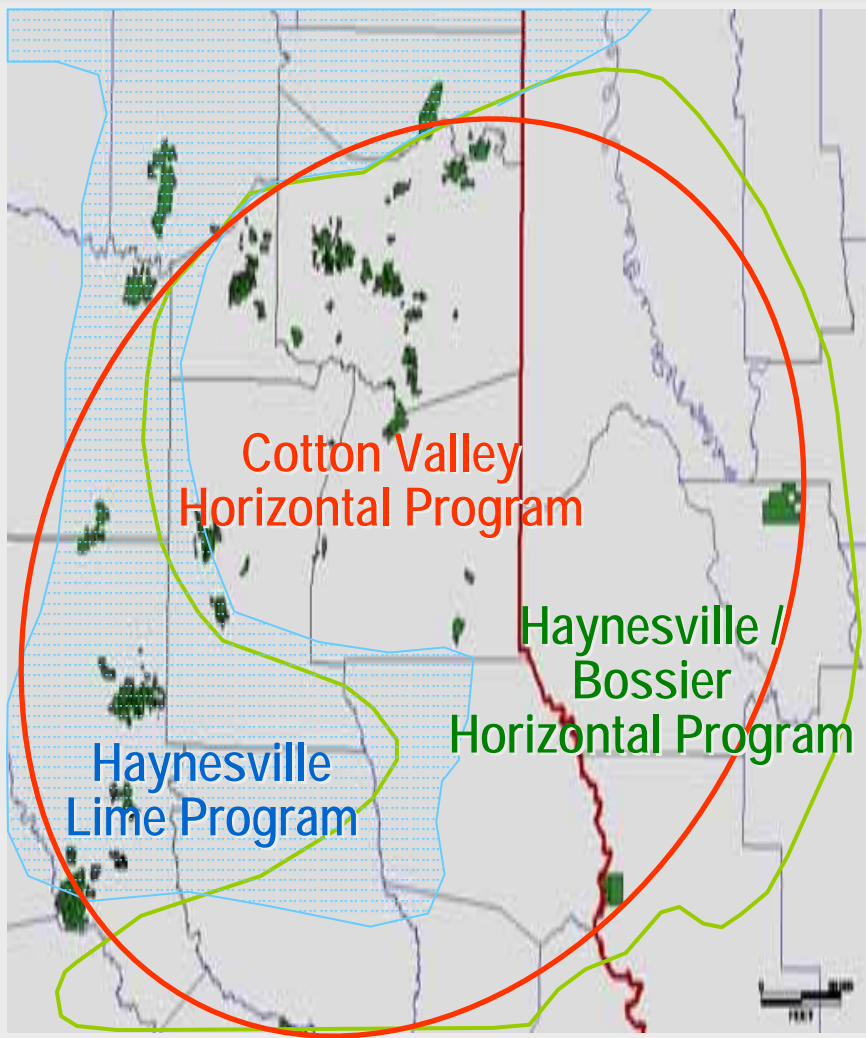
E. Texas/N. Louisiana Geologic Zones



“Acreage In East Texas/North Louisiana Provides Multiple Production Horizons”



Haynesville / Bossier Shale



East Texas/North Louisiana

- 140,000 gross acres (127,000 net) prospective for Haynesville
- Shallow and deep rights on majority of acreage
- Louisiana: 4 horizontals with IP's from 14 – 21 MMcfe/d
- Texas: Industry IP's improving; will participate in Middle Bossier tests
- 3 rig Haynesville program for 2010; expect to drill 15 – 20 operated horizontal wells
- 100% mechanical success while maintaining cost control



Financially Flexible

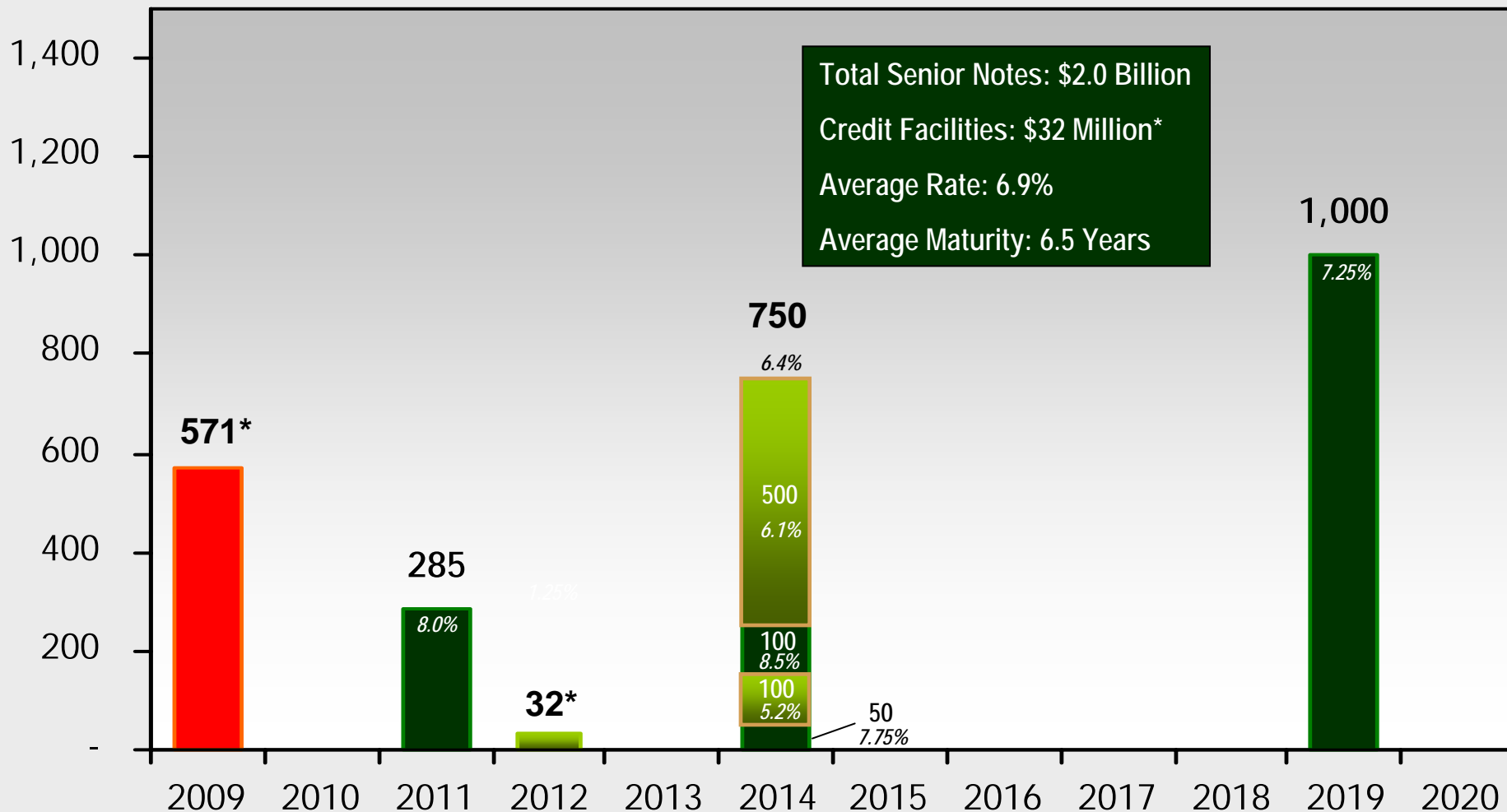
- Staggered long term debt maturity schedule
- Pro forma – approximately \$1.8 billion in liquidity under \$1.3 billion borrowing base
- E&D spending designed to be within a reasonable bandwidth of cash flow
- 56% of 2010 natural gas production hedged at \$6.28/MMBtu
- 68% of 2010 oil production hedged at \$69.46/Bbl floor



Debt Maturity Profile

(\$MM)

9/30/09*



Note: Current LIBOR at 25 bps



Floating



Fixed



Cash

* Pro forma for Permian Basin, non-core Canadian, and other divestitures



Capitalization and Net Debt Reconciliation

Total Capitalization (\$ MM)	3/31/09	9/30/09	9/30/09 PF*
Cash	\$1	5	571
Principal Amount of Long-Term Debt:			
Credit Facilities	913	453	32
8% Senior Notes due 2011	285	285	285
7% Senior Subordinated Notes due 2013	1	-	-
8 1/2% Senior Notes due 2014	600	600	600
7 3/4% Senior Notes due 2014	150	150	150
7 1/4% Senior Notes due 2019	1,000	1,000	1,000
Total Net Principal Debt	\$2,948	2,483	1,496
Total Shareholders' Equity	\$489	1,006	1,006
Net Debt: Est. Proved Reserves (\$ / Mcfe)	\$1.11	0.96	0.68
Net Debt: Est. PD Reserves (\$ / Mcfe)	\$1.76	1.53	1.09
Borrowing Base	\$1,620	1,620	1,300
Liquidity Including Cash	\$708	1,171	1,839

* U.S. and Canadian credit facility balances as of November 30, 2009; pro forma for Permian Basin, non-core Canadian, and other divestitures



Hedge Portfolio – NYMEX Hedges

Hedging Price Risk

	2010	Weighted Price Floor/Ceiling
Natural Gas Swaps		
Contract Volumes (BBtu/d)	200.0	
Weighted Average Price (\$ per MMBtu)	6.28	
Natural Gas Collars		
Contract Volumes (BBtu/d)	-	
Weighted Average Ceiling Price (\$ per MMBtu)	-	
Weighted Average Floor Price (\$ per MMBtu)	-	
Production Hedged	56%	\$6.28
Oil Swaps		
Contract Volumes (MBbl/d)	3.0	
Weighted Average Price (\$ per Bbl)	76.06	
Oil Collars		
Contract Volumes (MBbl/d)	2.0	
Weighted Average Ceiling Price (\$ per Bbl)	98.50	
Weighted Average Floor Price (\$ per Bbl)	60.00	
Production Hedged	68%	
		\$69.64 – \$85.04



Summary

- Portfolio management has created substantial North American gas resource plays that is expected to grow 10% – 12% in 2010 while spending close to cash flow
- 16,284 fully developed locations provide over 17.1 Tcfe of additional net unrisks growth potential with a large HBP component
- Liquidity, cash flow, and asset base are strong
- High quality assets, substantial liquidity, low cost structure, and substantial upside in asset portfolio

“Forest Has A High Quality Focused Asset Base And Is Returning To Double-Digit Organic Production Growth In 2010”



Cautionary Statements

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